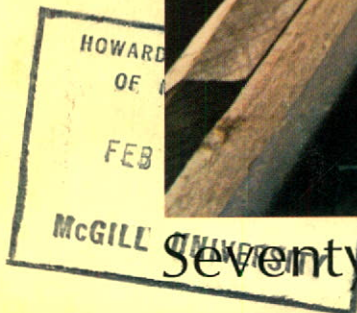


Alcan Aluminium Limited



Annual Report 1975



Seventy-Five Years of Aluminum in Canada

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Édition française

On pourra se procurer le texte français de ce rapport annuel en s'adressant au secrétariat de la Compagnie, case postale 6090, Montréal, Canada H3C 3H2.

10-K Report

A copy of the Company's current annual 10-K Report filed with the United States Securities and Exchange Commission will be available to shareholders after 1 April upon written request to the Secretary of the Company.

Front cover: Since the start of Canadian aluminum production in 1901, when Alcan opened at Shawinigan the first aluminum smelter, the Company has progressively developed across Canada an extensive enterprise for the manufacture of semis and finished aluminum products. The production and marketing of primary ingot, however, still constitute the significant part of Alcan's activities in Canada, as illustrated by these ingots ready for export shipment at Port-Alfred, in the Saguenay-Lake St. John region of Québec.

Back cover: Coils of Alcan re-roll stock await fabrication into sheet products.

Annual Meeting

The Annual Meeting of the shareholders of Alcan Aluminium Limited will be held on Thursday, 11 March 1976, at 10 a.m. in the Hotel Bonaventure, Montréal.

Definition of terms

In this report, all amounts are in United States dollars and all quantities are in short tons of 2,000 pounds, unless otherwise stated.

"Subsidiary" indicates a company owned directly or indirectly more than 50 per cent whereas "related company" indicates a company owned 50 per cent or less.

The term "Alcan" refers to the parent Alcan Aluminium Limited itself, or to one or more subsidiaries according to the context.

Alcan Aluminium Limited

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Annual Report Summary

The spread of international business recession, together with continuing inflation, adversely affected industries in most countries in 1975. The impact was serious for producers of basic materials, including Alcan. World aluminum shipments declined by about 23 per cent; despite cuts in smelter production, surplus metal inventories climbed to high levels.

Alcan's total shipments of aluminum were down 16 per cent from the high tonnages of 1974 and its sales of fabricated products decreased by 23 per cent. Although prices remained better than the low levels of earlier years, they were not sufficient to offset rises in costs. Alcan's operations incurred financial losses in a number of countries, but had some areas of good profitability, notably Latin America.

The prospect is for a gradual improvement in free-world demand for aluminum, with the United States showing recovery sooner and more strongly than in other areas.

Year ending 31 December	1975	1974	1973
Shipments of all aluminum products ('000 tons)	1,402	1,662	1,676
Shipments of fabricated products ('000 tons)	785	1,018	1,013
Sales of fabricated products (U.S. \$ millions)	\$ 1,370	\$ 1,489	\$ 1,191
Sales and operating revenues (U.S. \$ millions)	\$ 2,302	\$ 2,412	\$ 1,872
Net income (U.S. \$ millions)	\$ 35	\$ 169	\$ 83
Income per common share (excl. extraord. gain)	\$ 0.65	\$ 4.11	\$ 2.42
Dividends per common share	\$ 0.90	\$ 1.20	\$ 0.90
Capital expenditures (U.S. \$ millions)	\$ 208	\$ 268	\$ 117
As at 31 December			
Total assets (U.S. \$ millions)	\$ 3,012	\$ 2,979	\$ 2,449
Long-term debt (U.S. \$ millions)	\$ 971	\$ 881	\$ 744
Common shareholders' equity (U.S. \$ millions)	\$ 1,110	\$ 1,090	\$ 953
Book value per common share	\$ 31.36	\$ 31.41	\$ 27.71
Number of common shares outstanding (millions)	35.38	34.71	34.40
Number of common shareholders	46,588	47,978	50,062
Percentage of common shares held			
By residents of Canada	42.0	45.4	45.5
By residents of U.S.A.	43.1	44.1	44.7
By residents of other countries	14.9	10.5	9.8
Number of employees (thousands)	61	64	62

Report to the Shareholders

The most severe economic recession of the post-war period which gripped the industrialized world in 1975 was particularly serious for producers of primary materials and metals such as aluminum. Alcan was no exception and suffered a poor year.

Total shipments of primary aluminum by producers in the non-Communist world fell by an estimated 23 per cent, due to a steep decline in demand for all types of end-use products, while the makers of those products were at the same time reducing their inventories of aluminum and therefore ordering less from the producers.

Alcan's total consolidated shipments of aluminum in all forms fell by some 16 per cent from 1,662,000 tons in 1974 to 1,402,000 tons.

With some improvement in prices from the average level of 1974, Alcan's consolidated revenues declined from the previous year by only \$111 million or 4.6 per cent. But this price improvement fell far short of compensating for rises in almost all costs, with the result that Alcan's consolidated net income dropped sharply from \$169.2 million in 1974 to \$35 million in 1975. Net income after deducting extraordinary gains in both years fell from \$141.8 million to \$22.6 million.

In view of these results, the directors today declared a quarterly dividend of 10 cents per share, U.S. funds, payable 5 March. This is a reduction from the quarterly rate of 20 cents paid in the preceding quarters.

Our 1975 earnings would have been increased by \$40 million arising from the exchange gain on non-U.S. dollar debt if we had decided to adopt

the accounting method called for by the Financial Accounting Standards Board in the United States, as American companies are now doing. This matter is discussed in detail in the section "Finance" and in the Notes on page 16.

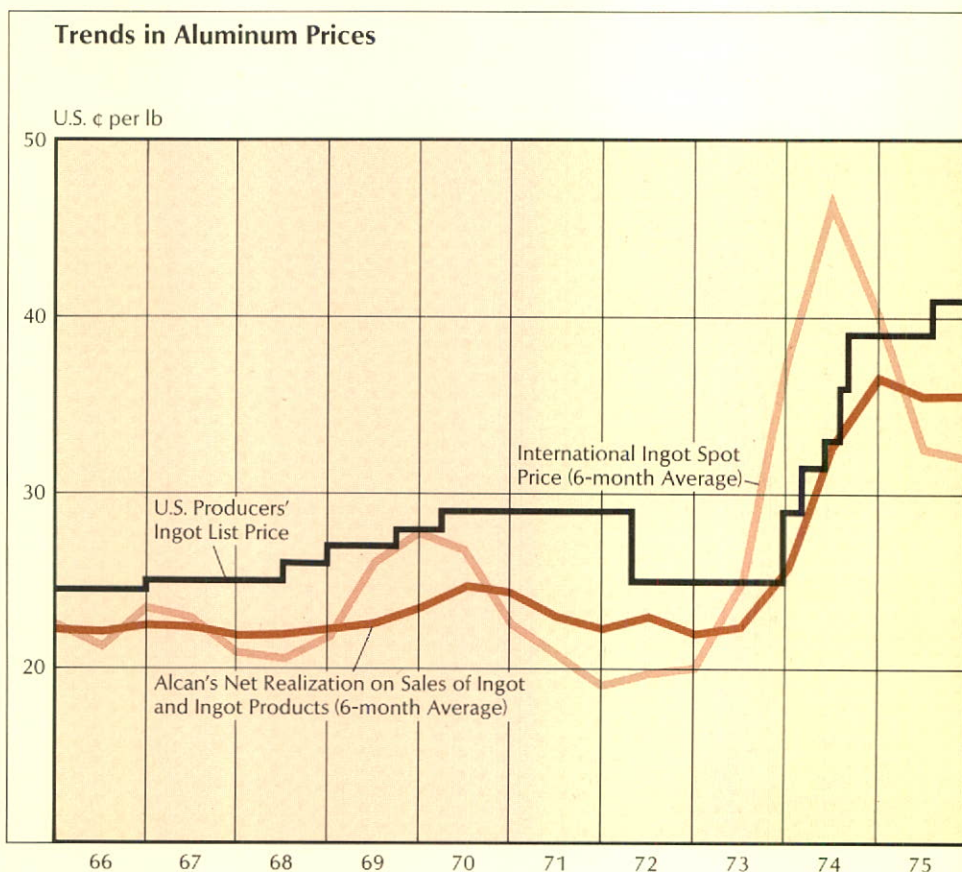
The decline in Alcan's earnings occurred in many geographic areas. The Company's principal subsidiary, the Aluminum Company of Canada, Ltd, while turning in modest profits on its Canadian operations ended the year with a consolidated profit of less than \$1 million after absorbing losses incurred by its two main subsidiaries, Alcan Aluminum Corporation in the United States and Alcan Jamaica Limited in Jamaica. The Aluminum Company of Canada's consolidated profit in 1974 was \$63.8 million. Alcan's sales tonnage in the U.S. declined by 28 per cent and in North America as a whole 23 per cent.

Alcan's operations in the United Kingdom, a country heavily hit by inflation and recession, recorded a substantial loss. Losses were also recorded by our operations on the European continent. In sharp contrast, however, Alcan's subsidiaries in Latin America showed an increase in profits to new high levels and the Company's activities in Australia and India performed well.

The Japanese aluminum industry experienced intense difficulties in 1975. One of the principal enterprises in the Japanese industry, Nippon Light Metal Company, Limited (50 per cent owned by Alcan) shared the vicissitudes of the other producers and suffered serious losses in 1975, as explained later in this report.

Alcan's 1975 fabricating business in all markets bore the brunt of the volume decline with its shipments off 233,000 tons (23 per cent) and reve-

Trends in Aluminum Prices



nues off by \$119 million. Nevertheless, the Company's fabricating system's consumption of primary ingot was of crucial importance to the level of operations in the smelters and raw materials operations — a strength not yet developed in the recessions of the late 1950s and early 1960s. In 1975, fabricated products represented 56 per cent of Alcan's total sales tonnage, against 32 per cent in 1960.

In response to the recession and to the rapid rise in surplus metal inventories, the industry curtailed smelter output. This was undertaken in the early months of the year in North America and somewhat later in Europe. Estimated primary production in the non-Communist world was 10.9 million short tons, about ten per cent below 1974, and by the end of 1975 the average operating rate had fallen to about 78 per cent of capacity. As deliveries to users were no greater than some 9.5 million tons, we estimate that surplus aluminum stocks in all forms were at the year end about two million tons higher than normal working quantities at this level of commercial activity. In the absence of a sharp upturn in demand in all major markets, it will take some considerable time to absorb these stocks, even if the industry continues to produce at its current 78 per cent rate. Alcan's Canadian smelters have been operating at 79 per cent of capacity for the past eight months and no early return to higher levels is presently foreseen.

The unfavourable financial conditions in 1975 had their inevitable deterrent impact on expansion plans. Throughout the industry reappraisal of long-range goals and capabilities appears to be under way. The capital costs of new production facilities having at least doubled in the last few years, many expansion plans have been shelved. Both private producers and governments recognize that new facilities will not be viable

until there is a major resurgence in demand and until there is a reasonable expectation that a significantly higher price structure will provide an acceptable return on the new investments made.

Alcan, with its partners, decided late in 1975 to defer the start of construction of a major new alumina plant in the Republic of Ireland involving a commitment of some \$450 million. In Canada, Alcan is still unable to undertake its plans for reconstruction and long-term expansion of its smelter capacity based on its own available hydroelectric power but this objective retains high priority at such time as conditions improve.

On the favourable side, however, Alcan with its Brazilian and international partners announced late in 1975 plans for an early start of a consortium project to develop the Trombetas bauxite resources in the Amazon Region — a large new source of good quality bauxite well suited to the requirements of the Canadian alumina plants.

The slowdown on major projects and the adoption of a policy of restraint in capital spending resulted in Alcan's fixed capital expenditures and investments in 1975 totalling \$208 million, as compared to \$268 million in 1974. Expenditures in 1975 were directed to essential renovations and environmental improvements in Canadian smelters, modest smelter and fabricating expansion in Brazil and completion of significant new cold-rolling facilities in Canada and the U.S., and the acquisition of a 24.9 per cent interest in Hunter Douglas N.V.

Legislation providing for restraint of prices, profit margins, dividends and compensation has recently been adopted in Canada. The Government of Canada also proposes to enact legislation in the early part of this year creating a levy on revenues from

export sales in excess of guideline amounts. When these controls were announced the Government indicated that they would probably be in force until the end of 1978.

The Company would, of course, welcome an end to inflation which has proved so damaging to most businesses, especially capital intensive ones. The Company is unable as yet to measure the impact of these controls on its Canadian operations. However, given the particular circumstances surrounding this industry, which, as explained in this report, has been experiencing a severe recession, the Company would expect the controls to allow a considerable improvement in profits from the very low levels of 1975. They may nevertheless inhibit the development of Canada's aluminum industry such as the Company's high priority reconstruction and expansion program.

The prospect for improved free-world demand for aluminum seems likely to materialize gradually. We expect that the United States economy will take the lead in a return to better economic conditions and that the economic recovery for the aluminum industry in Europe and the Far East will be slower. If this assumption proves correct, any major improvement in Alcan's results will be gradual. Longer range, however, when supplies of aluminum may be limited by the low levels of expansion now under way, Alcan's position in the international industry should provide a sound basis for greatly improved results.

Nathaniel V. Davis
Chairman of the Board

Paul Leman
Montréal
29 January 1976
President

Review of Operations

The operating and financial results of Alcan Aluminium Limited in 1975 were contributed by the activities of its consolidated subsidiaries, large and small, in 27 different countries and working under widely varying but generally recessionary circumstances. In addition, there were the activities in 18 countries of other "related" companies in which Alcan has an investment and whose financial results are included in Alcan's consolidation on an equity accounting basis.

The operational highlights are presented hereafter on a regional and area basis preceded by a consolidated summary on a functional basis to outline the main business trends reflected in the financial results.

Smelting

Alcan's Canadian smelter production declined to 838,000 tons from 963,000 tons in 1974. Other smelting subsidiaries in Australia, Britain, India, Brazil and Italy had a total production of 296,000 tons, a slight increase from 290,000 tons the previous year. The reductions made in British and Australian production were offset by increases in Brazil and India.

The smelting companies in Japan, Norway, Spain and Sweden in which Alcan holds an equity produced a total of 882,000 tons compared with their record total of 921,000 tons in 1974. Altogether Alcan's subsidiary and related companies produced 2,016,000 tons in 1975 against 2,174,000 tons in 1974. While this represents a combined reduction of only 7 per cent, the gross annual operating rate of these companies was down to about 1,900,000 tons at the end of 1975. Despite these cuts, total inventories in the main Alcan system rose by about 100,000 tons in 1975.

Fabricating and Sales

Reflecting the downturn in construction and industrial markets for aluminum sheet, extrusions and other products, particularly in the United States, Britain, Europe and to a lesser degree in Canada, Alcan's shipments of fabricated products dropped to their lowest levels since 1971 and at 785,000 tons were 23 per cent below the record of 1,018,000 tons in 1974.

Shipments of primary ingot dropped only 27,000 tons to 617,000 tons in 1975. These included certain substantial sales outside normal expectations, notably 40,000 tons to a buyer who arranged special inventory financing and 47,000 tons of spot sales to the People's Republic of China.

In total, Alcan's consolidated shipments of aluminum in all forms and from all sources were 1,402,000 tons in 1975, a decline of 16 per cent from the high level of 1,662,000 tons in 1974. Grouped by principal markets, these shipments were, in thousands of short tons:

	1971	1972	1973	1974	1975
Canada	189	195	235	248	215
U.S.A.	387	416	480	452	325
U.K.	186	210	265	287	220
EEC (less U.K.)	148	172	208	207	164
All Others	488	458	488	468	478
	1,398	1,451	1,676	1,662	1,402

To honour various long-term commitments, and to supply certain fabricating subsidiaries which are not permitted to import ingot from the Alcan system, the Company made total ingot purchases of 320,000 tons in 1975, a sharp reduction from 479,000 tons purchased in 1974.

Raw Materials

Alumina requirements for the Alcan smelter system and for sale to related companies were 20 per cent lower than in 1974 due to reduced smelter production, and alumina production was curtailed accordingly. The principal sources were again the alumina plants in Canada, Jamaica and Australia. The more than one million tons of

alumina supplied to the Québec smelters were refined at Arvida Works from bauxite imported from Guinea, Sierra Leone, Guyana and Surinam. From Jamaica, where alumina is processed from local bauxite, output of one million tons was exported mainly to Alcan affiliates in Norway, U.K., Spain and Sweden, with only 10 per cent directed to Canada. Participation in Queensland Alumina Limited of Gladstone, Australia, resulted in approximately 480,000 tons of alumina for use mainly at Alcan's Kitimat smelter in British Columbia, and a portion at Alcan Australia's Kurri Kurri smelter.

The Group's present raw materials supply system is expected to alter in the latter years of the 1970s. Bauxite from South America (mainly Brazil) will supply Canadian alumina plants, and Guinean bauxite will be routed to Europe. Australian supply will continue to be important to Alcan.

During 1975 substantial progress was made on the construction of a pilot plant to produce alumina from non-bauxite materials such as clays and shales. This plant, located in Southern France, and the result of many years of research and development by L'Aluminium Pechiney, is being constructed at a cost of some \$15 million as a partnership undertaking of Alcan and Pechiney. Alumina production at a trial rate of approximately 7,000 tons per annum is expected to commence in mid-1976.

Management Structure

During the year, Alcan strengthened its organizational structure through the appointment of three regional executive vice presidents in Montréal Head Office, to be responsible for the geographical areas which had been developing over several years. Area managements as previously constituted remain in place, reporting to the regional vice presidents.

The following sections summarize the main developments in Alcan's operations in 1975 by regions and areas.

The North American Region

In May, David M. Culver was appointed regional executive vice president of Alcan Aluminium Limited with overall responsibility for all of Alcan's operations in the region composed of Canada, the United States and the Caribbean.

Since these operations are carried out by Aluminum Company of Canada, Ltd and its principal subsidiaries (Alcan Aluminum Corporation in the U.S.A. and Alcan Jamaica Limited), Mr. Culver also was appointed president and chief executive officer of Aluminum Company of Canada. A new company, Alcan Smelters and Chemicals Ltd was formed to manage all of Alcan's smelting, chemical and related activities in Canada, including export sales of these products. Alcan Canada Products Limited remains responsible for Canadian fabricating and domestic sales activities.

Canada

As noted earlier, reductions in operating levels were made at the smelters in Québec and British Columbia. By May, a production level of 79 per cent of their total rated capacity of 1,000,000 tons per annum had been reached and this level remains in effect. Primary production for the year was 838,000 tons against 963,000 tons in 1974. Improved operating efficiencies were realized but costs of materials continued to rise substantially.

Financial constraints called for a delay in Alcan's well-developed plans to rebuild and expand its smelter facilities in both eastern and western Canada. Such a program would make possible higher productivity, improved environmental and working conditions, and more efficient use of energy. It would, in fact, support an eventual expansion of about 300,000 tons per annum, or 30 per cent, in Alcan's Canadian smelting capacity, based entirely on hydroelectric power which



At Kitimat harbour, British Columbia, suction-type unloaders draw, from the hold of an ocean-going ship, the powdery

basic material alumina which a covered conveyor belt system then carries to the smelter's storage silos.

the Company has already developed and financed for this purpose. A new 2,500-acre site, about 15 miles from the Arvida smelter in Jonquière was purchased in 1975 in preparation for the date when the first stage of this program commences.

Capital expenditures of some \$75 million were devoted to the Canadian smelter system, including \$25 million for environmental improvements and the remainder for essential reconstruction and maintenance of existing plant.

Labour Relations

A new two-year collective agreement to run until 24 October 1977 was signed between the Company and the employees' union at Kitimat, B.C. early in January 1976. It provides for wage increases of about 8.8 per cent in the first year and 6.6 per cent in the second. Other union contracts in Alcan's Québec smelters, and in some of its Canadian fabricating plants, will be due for renegotiation in the spring and summer of 1976. A labour dispute

at the Company's fluorspar mines in Newfoundland has resulted in the closure of the operations since June 1975. The dispute has had no impact on Alcan's smelting activities since fluorspar has been readily available on the market.

Fabricating and Sales

Alcan Canada Products Limited served its domestic market in 1975 with aluminum shipments totalling 215,000 tons, a decrease of 13 per cent on the previous year.

Development work continued in several important areas, and progress was made in the production of improved high-strength aluminum sheet for the construction and canning markets. Significant advances were made in continuous heat-treating technology which has been incorporated in the heat-treating line now under construction at Kingston Works. This Alcan-developed technology has been sold to the U.S.S.R.

At year's end, a second cold-rolling

mill, together with a continuous heat-treating line, was in the final stages of installation at Kingston at a cost of \$22 million. This will increase Alcan's annual capacity of coiled sheet products in Canada to 190,000 tons.

To improve service to the regional construction market, a 2,350-ton capacity extrusion press was installed at Aurora, north of Toronto, supplementing two 1,650-ton presses, a modern paint-line and anodizing facilities at the plant.

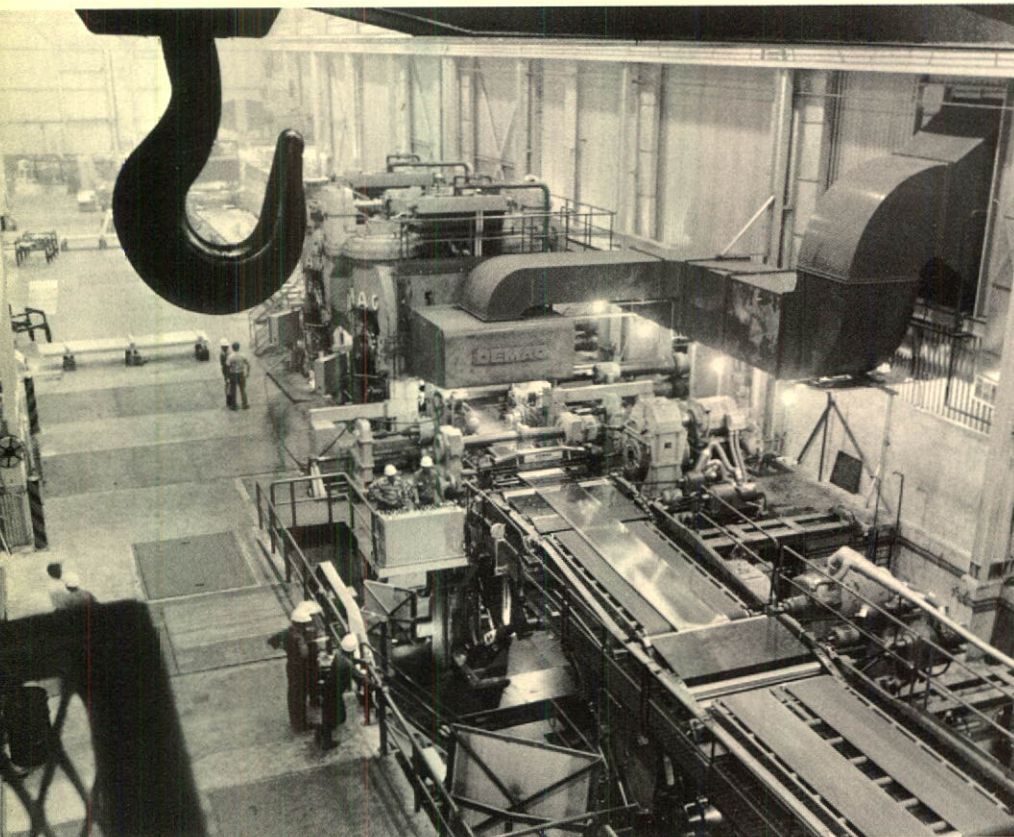
Across Canada, Alcan opened new facilities and expanded existing ones to serve the aluminum building products market. In Montreal, Toronto and Vancouver, existing distribution centres were relocated in larger and more modern premises. A new outlet was opened in Prince George, British Columbia, and the Moncton organization was expanded to improve service in New Brunswick and the other Atlantic provinces.

United States

Alcan Aluminum Corporation's sales tonnage of fabricated products for the year was 34 per cent below 1974, with products for the building, automotive and electrical power industries suffering the greatest reduction. However, by year end, slowly improving business conditions suggested that 1976 sales should improve considerably.

During 1975, investments in plants and equipment were limited largely to completing projects previously under way. By year end, start-up operations were commencing on the new 150,000-ton cold-rolling mill at Oswego Works in New York State; a coil-painting line had begun operations in Woodbridge, New Jersey; an electrical cable plant was accommodated at Bay St. Louis, Mississippi; and a building products design centre opened in Warren, Ohio.

In July, Alcan Aluminum Corporation sold the assets and business of its Alcan Metallic Division to a group of



Alcan in Canada leads in the continuous casting and rolling of wide aluminum sheet. At Saguenay Works, Jonquière, cast-

ing of molten metal into a slab is automatically synchronized with rolling operations to produce wide re-roll coils.

the Division's officers as a result of the decision to withdraw from the production of aluminum foil containers.

Caribbean

Jamaica

In Jamaica, reflecting reduced smelter and customer demand, Alcan Jamaica Limited produced 1,040,000 tons of alumina in 1975, or 35 per cent of Alcan's total alumina requirements for its own use and sales commitments. At year end the company's two alumina plants were operating at 82 per cent of rated capacity.

The Government of Jamaica increased the basic rate for the provisional prepayment of the bauxite production levy to U.S. \$13.60 per long ton of bauxite for the first quarter of 1975 and to U.S. \$14.51 for the remainder of the year. Alcan has made representations to the Jamaican Government to the effect that, in current circumstances, the impact of the levy renders the Company's alumina production uncompetitive in the market. Payment of the levy in respect of 1975 resulted in a substantial loss being reported by Alcan Jamaica for the year.

The Government of Jamaica began talks with Alcan Jamaica in June regarding such questions as ownership of land and bauxite reserves, Government participation in the company's equity, and expansion of existing mining and processing facilities. At year end, these talks were still in progress.

Sprostons (Jamaica) Limited and Alcan Products of Jamaica Limited continued to operate their trading, services functions and aluminum fabricating operations, including exports of fabricated products.

Guyana

As a result of negotiations initiated by the Government of Guyana, agreement was reached at year end for the purchase from Alcan by the Government, effective 1 January 1976,

of the major assets of Sprostons (Guyana) Limited, at an agreed price of approximately U.S. \$6.5 million, subject to a year-end audit and other adjustments. The first payment in a 10-year schedule was received on 2 January. The financial impact of the sale of these assets is not expected to be significant. The Government's decision to purchase this 50-year-old Alcan subsidiary was based on the fact that Sprostons' major function is today the provision of services to the Government-owned bauxite company and other Government agencies, and the view that such a company should also become a state-owned concern in conformity with national policy.

The Europe, Africa and Latin American Region

A regional management team in Montréal, responsible for overseeing Alcan's interests and investments in Europe, Africa and Latin America, was established under Patrick J. J. Rich as regional executive vice president, working with the area general managers in that region.

Britain, Ireland and Scandinavia

Demand for primary aluminum in Britain declined by 28 per cent from the record level established the previous year. Lower sales and sharply rising costs aggravated the effects of serious industrial recession.

The higher prices achieved during the year by Alcan Aluminium (U.K.) Limited in the face of difficult market conditions were not sufficient to offset the combined effects of higher



In one continuous operation, molten aluminum alloy poured on the casting wheel emerges as a solid bar to be trans-

formed by a 15-stand rolling mill into coils of rod. Lapointe Works, Jonquière, Saguenay-Lake St. John region.

costs and lower volume. As a result, the company reported a serious loss despite cost reduction programs, improvements in productivity, strict control of working capital, and a 12 per cent reduction in employment levels achieved mainly through voluntary redundancy arrangements.

Early in the year the operating level of the Lynemouth smelter was reduced to 80 per cent of capacity. From both technical and environmental points of view, however, operations at Lynemouth continued to be successful; operating efficiencies and metal quality remained excellent, and an industrial relations system of joint participation was developed and brought into use, attracting wide interest.

Alcan Booth Industries Limited successfully completed the installation and commissioning of three new foil-rolling mills at Rogerstone, Wales, providing a modern and efficient base for expansion in the high-growth foil market. An extensive program to modernize the remelt plant at Ban-

bury was completed and is now producing high-quality ingot for Alcan's extrusion operations in the United Kingdom.

Republic of Ireland

Late in the year, Alcan and its two other partners (A/S Årdal og Sunndal Verk of Norway and Gränges Essem AB of Sweden) in Alcan Ireland Limited decided to postpone the start of construction of the proposed alumina plant on the Shannon River estuary. This decision, which would involve a major financial commitment, will be reviewed in 12 to 18 months.

The unfavourable economic situation also affected the financial performance of Unidare Limited, a diversified manufacturing and aluminum fabricating company in Ireland in which Alcan has a 25 per cent interest.

Scandinavia

Production cutbacks, reduced employment and inventory build-up marked the year for Alcan's affiliates in Norway and Sweden. At the request of the Norwegian government, Alcan and

British Aluminium Company, Limited sold their 50 per cent interests in DNN Aluminium A/S, a small producer of aluminum, to the government. The selling price of the smelting company and its interest in related power facilities was \$35 million, resulting in a gain to Alcan over book value of \$12.4 million.

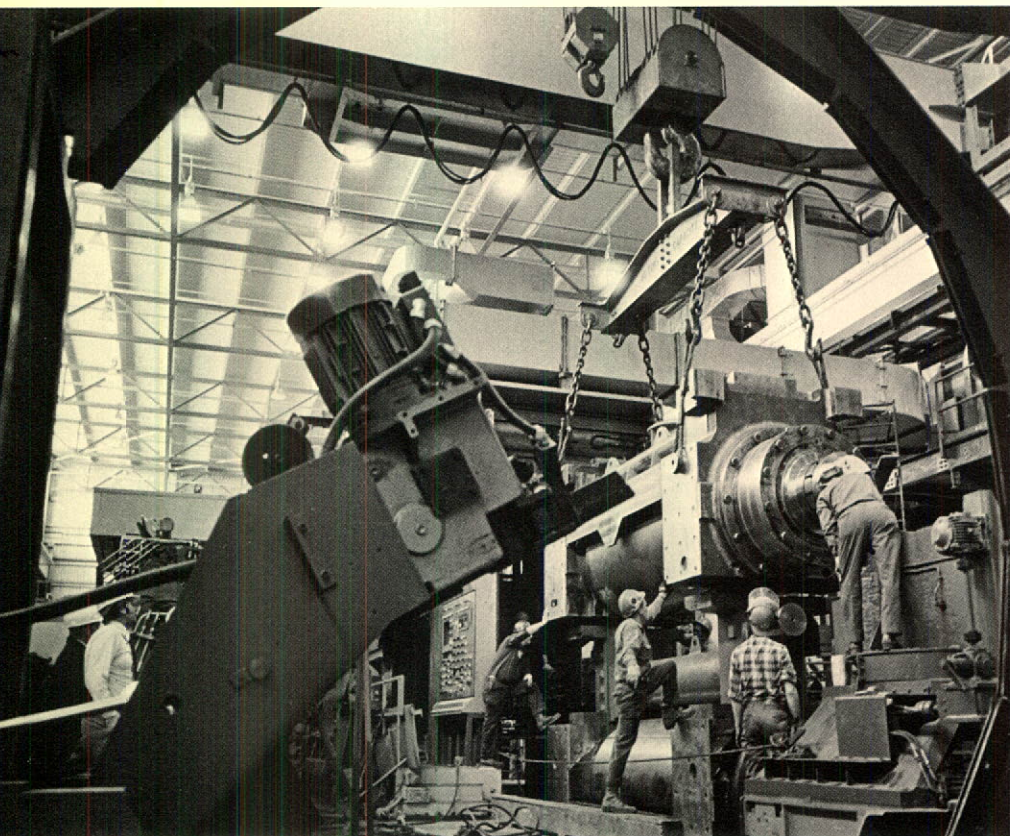
Continental Europe

Countries in the European area in 1975 suffered from sharp reductions in industrial activity. As a consequence, aluminum shipments in most product groups dropped between 20 and 30 per cent from the levels of 1974. This led to widespread excess capacity in many fields and pressure on prices and financial losses.

Capital expenditures in Europe during 1975 were of the order of \$15 million, directed principally to maintenance, pollution control and the completion of projects in progress. In addition, an important agreement was made for the acquisition by Alcan, through an exchange of shares, of 24.9 per cent of the equity of Hunter Douglas N.V., a company with headquarters in Amsterdam whose broad international operations will strengthen Alcan's position in finished products, particularly in Europe. Payment was made with 666,918 newly-issued Alcan common shares in January 1976.

Plant additions and acquisitions of other new ventures were important in terms of corporate growth: in Göttingen, a second line for pre-treating products was installed at Alcan Aluminiumwerke GmbH; a cold-rolling mill was brought into operation by Aluminium Norf GmbH, Norf, West Germany; a fourth press was installed at Alcan Angeletti & Ciucani Alluminio's plant in Italy; and a 50 per cent interest was acquired in Clark Cargo Van Operations in West Germany, and in Wales.

In September, construction began on a large alumina and smelter complex at San Ciprian in northwestern Spain. Alcan has a 25 per cent equity in Empresa Nacional del Aluminio, S.A.



To enter production in early 1976, Alcan's newest Canadian cold-rolling mill at Kingston, Ontario, is equipped with the

Alcan AFC (Automatic Flatness Control) system which makes it possible to produce particularly flat high-quality sheet.

(Endasa), which is a government-controlled aluminum company with 55 per cent participation in the new complex. On completion, Endasa's position will be strengthened by the new facilities and Alcan, now a regular supplier of Endasa, will effectively have additional alumina available for use in its own system. Alcan was awarded the contract to provide technology, basic engineering and start-up support for the 800,000-ton annual capacity alumina plant.

Latin America

Alcan's Latin American operations set new sales and earnings records, with earnings slightly above the level established the previous year. The Brazilian economy remained strong, showing 5.5 per cent real growth despite a crushing oil import bill and a decline in its export markets. Brazilian aluminum demand also remained strong and Alcan Alumínio do Brasil's integrated aluminum operations achieved record results and produced beyond their rated capacities.

During 1975 a fifth extrusion press was added and progress continued on construction of the sheet mill at Pindamonhangaba, between São Paulo and Rio de Janeiro. This cold-rolling mill, scheduled to begin operations in 1976, will be the first in Latin America capable of rolling today's sophisticated sheet products.

With the completion of the second half of the first 28,000-ton smelter facility at Aratú, Alcan Alumínio do Brasil's annual capacity exceeds 66,000 tons, thus maintaining its position as the largest smelter of aluminum in Brazil.

Development of the major bauxite deposits at Trombetas in the Amazon region by Mineração Rio do Norte S.A. reached a significant milestone during the year. This consortium company, with Companhia Vale do Rio Doce (CVRD) and Alcan as co-sponsors and other corporate partners, completed the main portions of its long-term financing program. Con-

struction is now commencing. Bauxite exports are expected in 1979 and an eventual capacity of more than 8 million tons per annum is envisaged. Alcan will receive 1.2 million tons of bauxite per annum for use in its Canadian alumina plants from the first phase of the complex costing \$280 million, and has an option for an additional 1.2 million tons annually when the project expands.

Commercial production of calcined petroleum coke for aluminum smelting began at Petrocoque S.A., an installation based on advanced Alcan technology and owned by Petrobras, other Brazilian shareholders and Alcan.

Other Latin American Countries

In Venezuela, where Alcan brought its second extrusion press into operation and again set sales and earnings records, the Company is maintaining its strong position in a fast-growing market. In neighbouring Colombia, significant productivity improvements begun during the buoyant previous year enabled Alumínio Alcan de Colombia, S.A. to earn reasonable profits. Alcan Alumínio, S.A. of Mexico also had a satisfactory year despite a sharp decline in first-half sales. Good results were shown as well by Alcan Alumínio del Uruguay S.A.

Africa

On the African continent, Alcan's interests are concentrated in fabricating subsidiaries in Nigeria and Ghana, minority participations in aluminum fabricating and silicon production in the Republic of South Africa, and membership in a major bauxite-mining consortium in the Republic of Guinea.

Alcan Aluminium of Nigeria Limited has now completed its rehabilitation from the damage suffered during the Biafran war and its production of sheet and building products is expanding profitably in line with the growing prosperity of Nigeria itself.

Hulett's Aluminium Limited of South

Africa, in which Alcan's equity is 24 per cent, experienced a decline in earnings in 1975. Alcan owns a one-third interest in Silicon Smelters (Pty) Limited, a South African company which in 1975 successfully brought into production a new operation for the mining of quartz and smelting of silicon metal for export sale to Alcan and other users of the metal.

Alcan received about 1.46 million tons of bauxite from Guinea, mainly for use in its Québec alumina plants. Compagnie des Bauxites de Guinée, in which Alcan holds a minority participation in partnership with the Government of Guinea and five other aluminum producers, is now one of the leading producers of bauxite, exporting six million tons in 1975.

The Far East and South Pacific Region

Under the new management structure, James W. Cameron, formerly executive vice president for raw materials and smelting, was appointed regional executive vice president with responsibility for overseeing Alcan's interests in Japan, the Far East, India and the South Pacific.

Japan

Nippon Light Metal Company, Ltd (NKK), which is 50 per cent owned by Alcan and is the leading aluminum company in Japan, incurred a heavy loss in 1975. Low demand, high energy costs, and substantial imports of ingot selling below the price of domestic metal, were together principally responsible for this situation. In addition, the Japanese practice of employing a large percentage of borrowed funds meant that high interest charges accentuated the financial problem.

Through equity accounting, Alcan has included in its net income for 1975 a loss of \$17.7 million from the operations of NKK and its consolidated subsidiaries. Of this amount \$8.7 million was recorded in the fourth

quarter, since it became apparent that the provisions made in earlier quarters were insufficient. The effect of this loss is to reduce the book value of Alcan's investment in NKK to \$40 million, although the market value of this investment at 31 December 1975 was approximately \$63 million.

The outlook for the aluminum industry in Japan is expected to improve in 1976, although production levels will still be low. The Japanese Government has taken a lead in arranging for the liquidation of excess inventories and will monitor the volume of imported metal. As a result, it is expected that both the sales volume of domestic metal and the price of aluminum will increase to more reasonable levels, although it is likely that a further loss will be recorded in 1976.

Toyo Aluminium K.K. (50 per cent owned by Alcan), the major Japanese producer of foil, powder and paste, succeeded in making a modest profit despite the poor business climate.

India

At mid-year the Government of India introduced a radically changed pricing and marketing policy for the primary aluminum industry. Approximately 50 per cent of the primary aluminum was designated for the electrical distribution industry (largely the State Governments) at cash costs as determined by examination of the accounts of each producer. Controls were lifted on the price of the balance of commercial-grade metal which then had to bear the full financial cost of the total primary output of the industry. This action and high excise duties resulted in a substantial rise in price which, by year end, had induced a significant decrease in demand. At the same time administrative problems involved in the marketing to the power industry had slowed sales markedly. The effect of these combined new factors caused rapid build-up in inventories and, since the Government of India strongly discourages production cutbacks, the industry is now experiencing working capital

shortage. However, despite these adverse factors, Indian Aluminium Company, Limited, owned 54 per cent by Alcan, achieved an increase in profits over the previous year.

Smelter production improved by 16 per cent to 86,000 tons from the previous year, due primarily to the increased availability of electricity in the second half of the year, although some power shortages still continue. At year end, the company's smelters were operating at 80 per cent of rated capacity. On the other hand, output of semi-fabricated products declined by 18 per cent in 1975.

Indian Aluminium's smelter complex at Belgaum was expanded during the year to an annual 83,000-ton capacity, and this was the principal project in its capital program of \$3.4 million. Corresponding expansion of the semi-fabricating operations awaits government sanction.

South Pacific

In Australia, the combined impact of domestic and international economic forces produced a downturn in the aluminum business and in profits, but Alcan Australia Limited performed relatively well and benefitted from its forward integration into end-use products in prior years. Its smelter at Kurri Kurri in New South Wales operated for ten months at 66 per cent of capacity due to excess stocks but is expected to return shortly to its full production of 50,000 tons per year.

Alcan New Zealand's performance for the year was affected by the general economic downturn and the 15 per cent devaluation of the New Zealand dollar. In terms of U.S. dollars, earnings were about half those of the previous year. Some improvement in the business climate is expected in 1976.

Finance

Sales Revenues

Sales revenues in 1975 amounted to \$2,302 million, compared to \$2,412 million in the previous year. Revenues from aluminum sales amounted to \$1,811 million, compared to \$1,937 million in 1974, and, of these, fabricated products accounted for \$1,370 million, against \$1,489 million.

Revenues on ingot sales fared relatively better than on fabricated products, as they totalled \$441 million, against \$448 million in 1974, due to slightly higher realizations, especially in the North American markets, and also to sales of 47,000 tons of ingot to the People's Republic of China during the last quarter of the year.

Revenues from sales of other products such as alumina, chemicals, and other metals, at \$419 million were virtually unchanged from the previous year.

Gross Profits

Gross profits in 1975, at \$351 million, were 28 per cent below 1974 levels as outlined in the chart on the opposite page. This reflects the continued increase in costs in a period when higher sales realizations were not able to absorb them. The 16 per cent fall in volume was also a contributing factor.

Selling and administrative expenses were \$164 million, an 11 per cent increase over 1974, reflecting the inflationary environment around the world, which in most cases exceeded the experience in North America. Expenditures on research increased by \$2 million to a level of \$18 million. Interest expense rose from \$100 million to \$105 million due to lower average interest rates offsetting the higher average level of total debt outstanding.

Net Income

Net income fell to \$35 million from the record level of \$169 million in 1974, including in both cases the

extraordinary gains on sale of investments reported elsewhere. The reduction in net income was partly caused by the loss incurred by Nippon Light Metal Company, Limited in Japan, and by losses in the U.K., Continental Europe, U.S.A., and Jamaica. These operations are discussed earlier in this report.

The Japanese loss is included in Alcan's accounts under "equity income", as are the financial results of the other principal affiliates which are Gränges Essem AB (Sweden), A/S Årdal og Sunndal Verk (ÅSV) (Norway), Empresa Nacional del Aluminio, S.A. (Endasa) (Spain), and Halco (Mining) Inc. (Guinea). Gränges Essem and Endasa made a contribution to earnings while ÅSV and Halco recorded small losses.

Dividends

Dividends on Alcan common shares amounted to 90 cents or \$31 million, down from a level of \$41 million in 1974. The quarterly rate was reduced

to 20 cents per share in April in view of the trend of earnings in 1975. In this connection, the Canadian government regulations for limiting dividends establish as a base for Alcan the calendar year 1974, in which year dividends totalling \$1.20 per share were paid.

The number of shares outstanding at 31 December 1975 was 35,378,987, which includes the 666,918 shares issued at the year end in exchange for a 24.9 per cent interest in Hunter Douglas N.V.

Flow of Funds

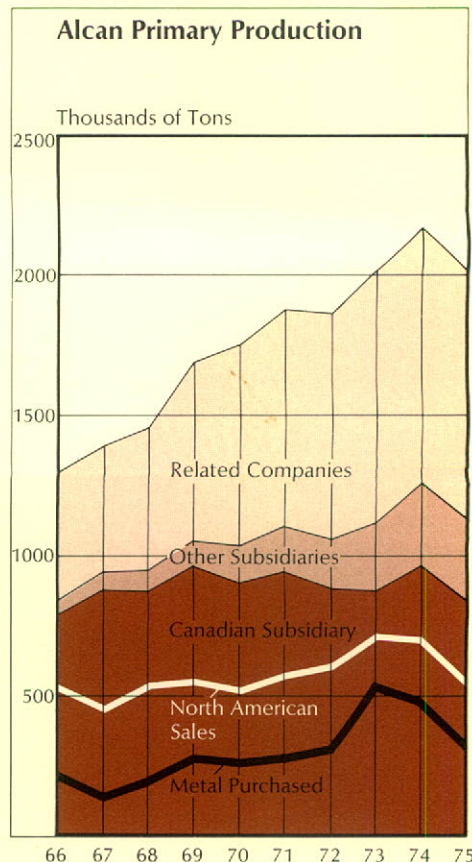
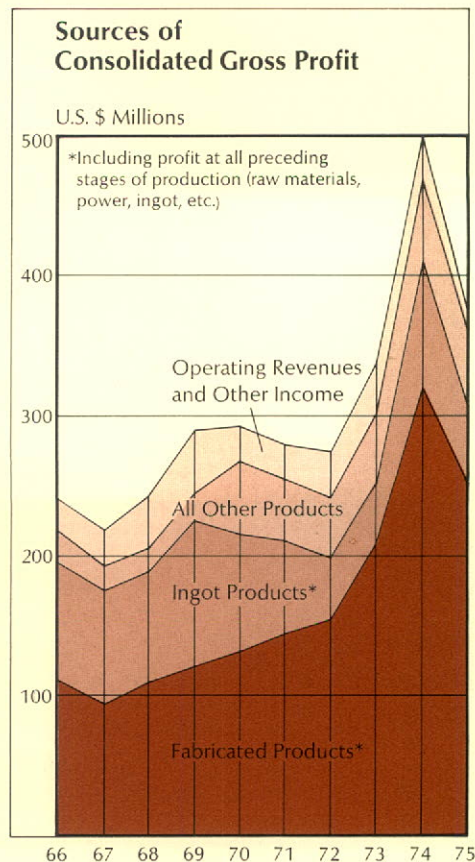
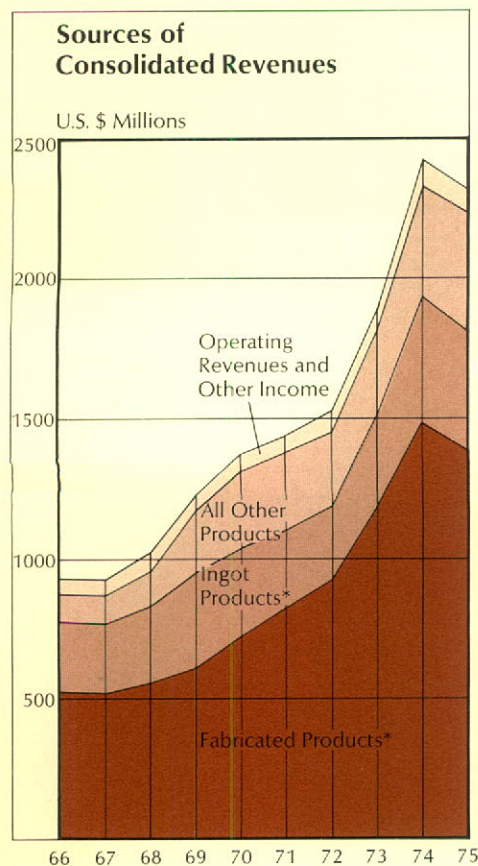
Capital expenditures on plant and equipment, together with investments, amounted to \$208 million, a significant reduction from the \$268 million recorded in 1974. Alcan's capital expenditure program in the current year is expected to be of the same order of magnitude as in 1975.

As a result of the decline in the level of business, operating working capital

(defined as the sum of receivables and inventories, reduced by payables and current tax liabilities) remained virtually unchanged, but total working capital increased by \$124 million. Most of this increase was due to surplus metal inventories in respect of which Alcan arranged special financing of \$100 million through term bank loans.

On 1 December 1975, Aluminum Company of Canada, Ltd issued Canadian \$50 million of 8 per cent tax-deferred retractable preferred shares to the public in Canada, in order to take advantage of the tax-free surplus available to that company, and to strengthen its equity position.

As a result of these major steps and various other arrangements, together with the issue of shares in connection with the Hunter Douglas investment, Alcan ended the year with its debt/equity ratio on target, and with more than \$200 million of undrawn available credits.



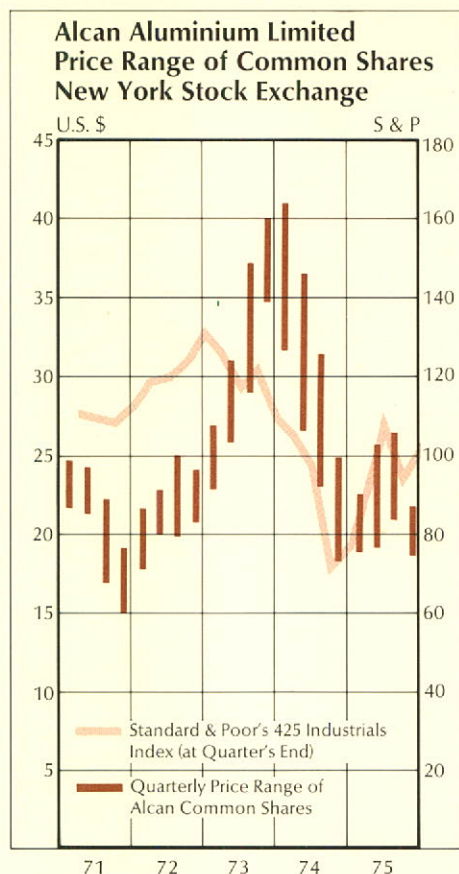
Alcan's Views on Accounting Changes

Inflation Accounting

Accounting bodies, companies and regulatory agencies around the world are still considering which method of inflation accounting would most accurately reflect the effect of inflation on a company's financial results. The two most favoured methods are the "current cost or replacement value" method and the "current purchasing power" method. In March of 1975, Alcan published financial statements based on "current purchasing power". This method in our view is simple, more precise and not subject to a wide degree of management or professional interpretation. While the use of a single index may not accurately adjust the value of each individual asset to current levels, at least it does reflect the historical costs in terms of a constant currency unit as opposed to a declining one. However, it may be some time before a clear decision is reached by the different accounting and regulatory bodies and, in view of the conflicting state of opinions, we do not plan to publish adjusted statements for the present.

Inventory Profit

Nevertheless, there are two areas of accounting adjustments which do require comment. In a period of rising costs, and due to the time taken to pass through inventory, the costs charged to "cost of sales" are no longer current. The profit recorded, while a genuine profit, is only recurring if prices continue to rise ahead of costs. With some products, prices are determined in relation to costs, but in the case of most commodities such as aluminum, the price obtainable depends much more on market factors than on cost, so the relationship is not assured. In addition to its non-recurring nature, the "inventory profit" is needed in a business to finance the corresponding increase in working capital which results from the cost increases. Consequently it should not be taxed, as it is in Canada,



(though not in the U.S. or the U.K.), and can only be distributed to shareholders if it is refinanced in some other way.

In Alcan's case, the inventory profit before tax amounted to \$15 million in 1975, as against a figure of \$106 million (restated) in 1974.

Debt and Foreign Exchange

Another controversial topic is the question of revaluing debt for changes in exchange rates. The Financial Accounting Standards Board in the United States has recently published a statement requiring such revaluation, with the resulting profit or loss taken into current income. However, for a company such as Alcan, with its assets and debts widely dispersed in various foreign currencies, and with floating exchange rates, the resulting fluctuations can distort the pattern of earnings. The actual quarterly effect is shown in Note 1 to the Financial Statements on page 16. It will be seen that if we

had reported earnings in accordance with the FASB ruling, as American companies are now doing, our earnings in 1975 would have been increased by \$40 million, although this would be a non-cash unrealized profit.

There has not been an equivalent ruling by the Accounting Institute in Canada, and so Alcan has continued to use the generally accepted accounting practice of converting long-term debt at the exchange rate prevailing at the time the debt was incurred, which is the same as the general practice in regard to translating the values of fixed assets recorded in foreign currencies. In this connection, it is perhaps worth noting that in the U.K. it is proposed that long-term debt should be translated at the current rate of exchange, except to the extent it is covered by fixed assets in the same currency, in which case the unrealized exchange profit or loss is not taken into income but rather into a reserve account. This alternative would eliminate the greater part of the wild fluctuations which Alcan would otherwise experience.

This whole subject is highly controversial at present. We hope that during 1976 we shall be able to decide upon an accounting presentation which is acceptable to the various national accounting and regulatory authorities, but will not cause short-term distortions in our financial results.

Alcan Aluminium Limited

year ending 31 December 1975

in thousands of U.S. dollars

Consolidated Statement of Income

	1975	1974
Revenues		
Sales	\$ 2,229,817	\$ 2,337,513
Operating revenues	71,636	74,632
Other income (note 9)	11,085	14,614
	2,312,538	2,426,759
Costs and expenses		
Cost of sales and operating expenses	1,839,580	1,823,846
Depreciation and depletion	110,740	102,857
Selling, research and administrative expenses	182,277	163,952
Interest on debt not maturing within one year	85,060	75,604
Other interest	19,954	24,743
Other expenses	5,612	11,180
	2,243,223	2,202,182
Income before income taxes and other items	69,315	224,577
Income taxes (note 10)		
Current	26,601	53,060
Deferred	456	32,050
	27,057	85,110
Income before other items	42,258	139,467
Equity income and minority interests (note 11)	(19,688)	2,325
Income before extraordinary gain	22,570	141,792
Gain on sale of investment (note 2)	12,430	27,364
Net income (note 1)	\$ 35,000	\$ 169,156

	in U.S. dollars	
Income per common share (after preferred dividends)		
Before extraordinary gain	\$ 0.65	\$ 4.11
Extraordinary gain	0.36	0.79
	\$ 1.01	\$ 4.90
Dividends per common share	\$ 0.90	\$ 1.20

Alcan Aluminium Limited

31 December 1975

in thousands of U.S. dollars

1975

1974

Current assets

Cash and time deposits	\$ 59,225	\$ 117,333
Receivables	418,859	450,384
Aluminum	475,118	423,353
Raw materials and other supplies	357,490	352,191

1,310,692 1,343,261

Deferred charges

29,279 27,286

Deferred receivables (note 5)

71,789 67,547

Investments in companies owned 50% or less (note 2)

214,797 211,515

Property, plant and equipment (note 3)

2,885,982 2,749,661

Less: Accumulated depreciation and depletion

1,500,758 1,420,201

1,385,224 1,329,460

Total assets

\$ 3,011,781 \$ 2,979,069

Current liabilities

Payables	\$ 304,624	\$ 360,282
Short-term borrowings	151,973	210,867
Income and other taxes	47,328	78,621
Debt maturing within one year (note 4)	40,990	52,017

544,915 701,787

Debt not maturing within one year (note 4)

971,135 880,894

Deferred credits

54,196 26,481

Deferred income taxes

166,416 160,902

Minority interests (note 6)

163,154 116,204

Shareholders' equity

Preferred shares, par Can. \$40 (note 7)

Outstanding — 62,402 shares (1974 — 69,093) 2,314 2,563

Common shares, without nominal or par value (note 7)

Outstanding — 35,378,987 shares (1974 — 34,712,069) 291,480 275,719

Retained earnings (note 8)

818,171 814,519

1,111,965 1,092,801

Total liabilities and shareholders' equity

\$ 3,011,781 \$ 2,979,069

Approved by the Board:

Nathanael V. Davis, Director

John H. Hale, Director

Consolidated Balance Sheet

Assets

Liabilities and Shareholders' Equity

Alcan Aluminium Limited

year ending 31 December 1975

in thousands of U.S. dollars

Consolidated Statement of Changes in Financial Position

	1975	1974
Source of funds		
Income after taxes	\$ 42,258	\$ 139,467
Depreciation and depletion	110,740	102,857
Deferred income taxes	456	32,050
Other	2,053	274
From operations	155,507	274,648
Common shares	15,761	9,533
Preferred shares of a subsidiary company	49,235	—
New debt	156,453	188,439
Disposals of plant and equipment	12,239	7,810
Sale of investments (including extraordinary gain)	18,654	61,382
Other	21,866	20,440
	429,715	562,252
Application of funds		
Plant and equipment	180,842	226,083
Investments	27,010	41,767
Debt repayments	66,212	53,186
Dividends	31,348	41,523
	305,412	362,559
Increase in working capital (note 12)	124,303	199,693
Working capital — beginning of year	641,474	441,781
Working capital — end of year	\$ 765,777	\$ 641,474

Consolidated Statement of Retained Earnings

Retained earnings — beginning of year	\$ 814,519	\$ 686,886
Net income	35,000	169,156
	849,519	856,042
Dividends on preferred shares	107	136
Dividends on common shares	31,241	41,387
	31,348	41,523
Retained earnings — end of year (note 8)	\$ 818,171	\$ 814,519

Alcan Aluminium Limited

Notes to Financial Statements

in millions of
United States dollars

1. Summary of accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of all companies more than 50% owned. In addition, under the equity accounting principle, consolidated net income includes Alcan's equity in the net income or losses of all companies 20-50% owned and the investments in these companies have been increased by Alcan's share of their undistributed net income since acquisition. When the cost of an investment exceeds the book value of Alcan's equity therein at date of acquisition, the excess is amortized over the estimated useful life of the related fixed assets. Intercompany items and transactions between consolidated companies, including profits in inventories, are eliminated.

Translation of accounts into United States dollars

The consolidated financial statements are expressed in U.S. dollars since this is the principal currency of international trade in which Alcan's business is mainly involved.

Accounts included in the consolidated statement of income, except depreciation and depletion, are translated at average rates of exchange prevailing during the year. Accounts included in the consolidated balance sheet are translated at rates of exchange at year end except that (a) inventories, investments, fixed assets and accumulated depreciation and depletion are at rates at dates of acquisition, (b) deferred income taxes are at rates at dates of origin, and (c) debts not maturing within one year are at rates at dates of issue. Translation adjustments, not significant in amount, are included in income.

In October 1975 the Financial Accounting Standards Board in the United States issued Statement No. 8 which requires that companies reporting to investors in the United States adopt the practice of translating long-term debt at current rates of exchange. However, as Alcan's borrowings in currencies other than U.S. dollars have been invested for the most part in the country of the borrowing and will be repaid out of funds generated in the same currency, Alcan believes that it could be misleading and cause violent fluctuations in reported earnings to recognize immediately translation gains or losses which arise from changes in exchange rates. Accordingly, Alcan has not adopted the current rate method for 1975 but has continued to follow its policy of translating such debt at historic rates, an accounting practice which is generally accepted in Canada. The following table compares reported net income with the net income that would have been reported using the FASB current rate method, and also shows the cumulative effect on retained earnings.

	1975		1974	
	As Reported	Current Rate Method	As Reported	Current Rate Method
Consolidated net income				
First quarter (unaudited)	\$ 17.6	\$ 16.8	\$ 36.1	\$ 31.1
Second quarter (unaudited)	4.3	17.7	45.5	48.7
Third quarter (unaudited)	4.9	34.9	36.2	51.3
Fourth quarter (unaudited)	8.2	5.7	51.4	46.8
	\$ 35.0	\$ 75.1	\$ 169.2	\$ 177.9
Dollars per common share	1.01	2.16	4.90	5.15
Consolidated retained earnings				
Beginning of year	\$ 814.5	\$ 753.6	\$ 686.9	\$ 617.3
End of year	818.2	797.4	814.5	753.6

Deferred income taxes

Income tax regulations in Canada and certain other countries permit the deduction from taxable income of certain items (principally depreciation) in amounts which do not coincide with those charged for financial reporting purposes. The effect of such timing differences on income taxes otherwise payable is recognized as deferred income taxes.

Alcan Aluminium Limited

Notes to Financial Statements

in millions of
United States dollars

Inventories

Aluminum, raw materials and other supplies are stated at cost or net realizable value, whichever is the lower. The cost of inventories other than those in the United States is determined for the most part on the monthly average method. The cost of inventories of a subsidiary in the United States amounting to \$107 million is determined by the last-in first-out method, which is permitted for income tax purposes. Had such inventories been valued on the monthly average method, the value would have been \$41 million higher.

Other

Property, plant and equipment includes the cost of renewals and betterments. Repairs and maintenance are charged against income as incurred.

Depreciation is calculated on the straight-line method using rates based on the estimated useful lives of the respective assets. Depletion, not significant in amount, is calculated on the unit of production basis.

Income per common share is calculated by dividing net income less preferred dividends by the average number of shares outstanding during the year (1975: 34,712,069 — 1974: 34,515,392).

2. Investments in companies owned 50% or less	1975	1974
At cost plus equity in undistributed net income since acquisition		
Companies 50% owned (cost \$54 million)	\$ 73	\$ 92
Companies 20% to 50% owned (cost \$115 million)	137	115
At cost		
Companies less than 20% owned	5	5
	<u>\$ 215</u>	<u>\$ 212</u>

During 1975 Alcan sold its 50% interest in DNN Aluminium A/S to the Kingdom of Norway for \$17.5 million, resulting in a gain of \$12.4 million after estimated income taxes.

The results of operations and the financial position of the 20-50% owned companies, located mainly in Australia, Germany, Guinea, Japan and Norway, are summarized below.

	1975	1974
Results of operations for the year		
Revenues	\$2,001	\$1,708
Costs and expenses	2,043	1,629
Income (loss) before income taxes	(42)	79
Income taxes	(30)	39
Net income (loss)	<u>\$ (12)</u>	<u>\$ 40</u>
* Alcan's share of net income (loss)	(13)	12
Dividends received by Alcan	4	6
Financial position at 31 December		
Working capital	\$ 639	\$ 492
Property, plant and equipment (net)	1,470	1,411
Other assets (net)	246	245
	<u>2,355</u>	<u>2,148</u>
Less: Deferred taxes	93	129
Debt not maturing within one year	1,504	1,322
Net assets	<u>\$ 758</u>	<u>\$ 697</u>
** Alcan's equity in net assets	205	197

* Where a company operates as a joint venture supplying materials to each participant, Alcan's share of the net income is applied to the cost of the materials so obtained.

** If debt not maturing within one year of companies 20-50% owned was translated into U.S. dollars at year-end rates of exchange, Alcan's equity in net assets of such companies would be reduced by \$30 million.

Alcan Aluminium Limited

Notes to Financial Statements

in millions of
United States dollars

3. Property, plant and equipment

	Cost	Accum. Deprec.	Net 1975	Net 1974
Land, and water rights	\$ 65	\$ 1	\$ 64	\$ 62
Mineral properties, rights and development	18	7	11	11
Raw material, power and other facilities	1,009	596	413	425
Smelting facilities	944	501	443	410
Fabricating facilities	850	396	454	422
	<u>\$2,886</u>	<u>\$1,501</u>	<u>\$1,385</u>	<u>\$1,330</u>

Expenditures in 1976 are expected to be approximately \$200 million.

4. Debt not maturing within one year

	1975	1974
Aluminum Company of Canada, Ltd		
*Bank loans under \$200 million revolving credit agreement, due 1978/1982	\$ 120	\$ 145
9½% Sinking fund debentures, due 1995	100	100
10½% Sinking fund debentures, due 1994 (Can. \$75 million)	77	77
9¾% Sinking fund debentures, due 1991 (Can. \$60 million)	59	59
4½% Sinking fund debentures, due 1980	25	30
7¼% Serial debentures, due 1976/1979 (Can. \$40 million)	40	40
5.10% Notes, due 1976/1992	77	81
Other debt, due 1976/1998	8	10
Alcan Aluminum Corporation (U.S.A.)		
9½% Notes, due 1980/1994	45	31
4¾% Notes, due 1976/1984	31	34
Other debt, due 1976/1990	4	8
Alcan Aluminium (U.K.) Limited (consolidated)		
*Loan, due 1979 (£15 million)	36	36
9% Loan stock, due 1981/1994 (£10 million)	24	24
10½% Loan stock, due 1981/1994 (£8 million)	19	19
*Bank loans, due 1976/1977 (£12 million)	29	29
Other debt, due 1976/1994 (£8 million)	20	20
Alcan Europe N.V. (consolidated)		
5½% Bonds, due 1987 (Sw. F. 100 million)	26	26
*Bank loans, due 1976/1992	31	17
Other debt, due 1976/1994	6	4
Alcan Trading Limited		
*Bank loans, due 1978 (Can. \$65 million)	63	—
Alcan Jamaica Limited		
*Bank loans, due 1978/1980	44	33
Indian Aluminium Company, Limited		
Debentures and bank loans, due 1976/1984 (principally rupees)	22	28
Other companies		
*Bank loans, due 1976/1980	57	36
Debentures and notes, due 1976/1987	50	44
	<u>1,013</u>	<u>931</u>
Less: Debt maturing within one year included in current liabilities (equivalent to \$41 million and \$52 million, respectively, at year-end rates of exchange)	42	50
	<u>\$ 971</u>	<u>\$ 881</u>

*Interest fluctuates with lender's prime commercial rate.

If translated into United States dollars at year-end rates of exchange, debt not maturing within one year at 31 December 1975 would decrease by \$9 million and, if there were no further change in exchange rates, this amount would be credited to income as the debt matures.

After allowing for prepayments, sinking fund and other requirements over the next five years amount to \$42 million in 1976, \$50 in 1977, \$168 in 1978, \$124 in 1979 and \$92 in 1980.

Alcan Aluminium Limited

Notes to Financial Statements

in millions of
United States dollars

5. Deferred receivables

Deferred receivables include \$46 million due from the Government of Guyana over the period 1977 to 1991 in respect of the nationalization in 1971 of Alcan's bauxite and alumina assets in that country. This amount bears interest at 6% per annum.

6. Minority interests in subsidiary companies

	1975	1974
Preferred shares	\$ 88	\$ 41
Common shares	45	45
Retained earnings	30	30
	<u>\$ 163</u>	<u>\$ 116</u>

7. Alcan preferred and common shares

The number of 4¼% cumulative redeemable convertible preferred shares originally authorized and issued was 1,500,000 of which 1,404,289 were exchanged for an equal number of common shares prior to the expiration of the conversion privilege on 14 July 1973 and 33,309 were subsequently purchased on the open market (1975: 6,691, 1974: 26,618). The outstanding preferred shares are subject to redemption in whole or in part at any time at the option of the Board of directors on thirty days' notice at Can. \$43 per share.

The number of common shares authorized is 60,000,000. During 1975, arrangements were completed for the exchange of 666,918 shares for 24.9% of the equity of Hunter Douglas N.V. The capital stock account as at 31 December 1975 was increased by \$15.8 million, based on the average market price of Alcan's shares during the negotiation period.

At 31 December 1975, 101,500 common shares remained under option to employees, including 24,000 to officers and directors of the Company. These options were granted in 1967 at Can. \$33.0625 per share and expire in 1977.

8. Retained earnings

Consolidated retained earnings at 31 December 1975 include \$83 million which, pursuant to the provisions of certain debt issues of Aluminum Company of Canada, Ltd, is not distributable as dividends either in cash or in kind to Alcan, the holder of its common shares.

Consolidated retained earnings at 31 December 1975 also include about \$250 million, some part of which may be subject to certain taxes on distribution to the parent company. No provision has been made for such taxes because these earnings are reinvested in the business.

9. Other income

	1975	1974
Interest	\$ 9.5	\$ 9.4
Net gain from disposal of fixed assets	—	2.4
Other	1.6	2.8
	<u>\$ 11.1</u>	<u>\$ 14.6</u>

10. Income taxes

Income taxes provided in 1975 represent approximately 39% of consolidated pre-tax income, an effective rate lower than statutory rates in Canada. The difference is attributable to various tax rates in other countries, to investment allowances in certain subsidiaries, and to non-taxable income.

Alcan Aluminium Limited

Notes to Financial Statements

in millions of
United States dollars

11. Equity income and minority interests

	1975	1974
Alcan's equity in net income (losses) of companies 20-50% owned	\$ (13.1)	\$ 11.5
Minority shareholders' interest in net income of subsidiary companies	(6.6)	(9.2)
	<u>\$ (19.7)</u>	<u>\$ 2.3</u>

12. Changes in working capital

	1975	1974
Current assets		
Cash and time deposits	\$ (58.1)	\$ 46.6
Receivables	(31.5)	53.5
Aluminum, raw materials and other supplies	57.0	281.8
	<u>(32.6)</u>	<u>381.9</u>
Current liabilities		
Payables and short-term borrowings	(114.6)	173.4
Income and other taxes	(31.3)	23.5
Debt maturing within one year	(11.0)	(14.7)
	<u>(156.9)</u>	<u>182.2</u>
Net increase	<u>\$ 124.3</u>	<u>\$ 199.7</u>

13. Geographical distribution of capital employed

	Canada	U.S.A.	S. Amer. & Carib.	U.K.	Cont. Europe	Other	Total
Working capital	\$ 347	\$ 117	\$ 100	\$ 61	\$ 76	\$ 65	\$ 766
Fixed capital	1,587	225	359	320	141	254	2,886
Accumulated depreciation	(923)	(93)	(188)	(104)	(73)	(120)	(1,501)
Investments and other assets	15	3	70	9	88	77	262
Capital employed							
— 31 December 1975	\$1,026	\$ 252	\$ 341	\$ 286	\$ 232	\$ 276	\$2,413
— 31 December 1974	948	241	289	284	207	282	2,251

14. Commitments

Alcan has entered into long-term cost-sharing joint ventures under which the Company is required to pay its share of operating costs of facilities and costs of servicing long-term debt. The fixed portion of the commitments under these and other arrangements amounts to \$21.3 million in 1976, \$21.1 in 1977, \$20.9 in 1978, \$19.8 in 1979, \$24.1 in 1980 and lesser annual amounts up to 1992.

Minimum rental commitments, including charter hire of ships, amount to \$30.0 million in 1976, \$19.9 in 1977, \$11.6 in 1978, \$10.0 in 1979, \$9.1 in 1980 and lesser annual amounts thereafter. Total rental expense amounted to \$59.1 million for 1975 (\$64.5 in 1974).

See also reference to capital expenditures in note 3 and debt repayments in note 4.

15. Pension plans

Alcan and its subsidiaries (with some exceptions) have established pension plans in the principal countries where they operate, for the greater part contributory and generally open to all employees. The total pension expense for 1975 was \$31.2 million which includes, as to certain of the plans, amortization of unfunded actuarial liabilities which the Company and its subsidiaries are funding. Pension expense was \$25.4 million in 1974. Based on the most recent actuarial reports, the unfunded actuarial liability for all plans amounted to \$81 million, which for the most part is being funded over a period of 15 years. However, assets now in the pension funds are sufficient to cover currently vested benefits.

Alcan Aluminium Limited

Notes to Financial Statements

in millions of
United States dollars

Auditors' Report

16. Remuneration of directors and officers

The Company has 15 directors and their remuneration, which was paid by the Company, amounted to \$59,556 in 1975 (\$54,738 in 1974). The Company has 14 officers, six of whom are directors of the Company. The aggregate remuneration received by these officers and by past officers amounted to \$1,530,324 in 1975 (\$1,404,711 in 1974) of which \$1,123,328 was paid by Aluminum Company of Canada, Ltd, the Company's principal operating subsidiary, and \$406,996 by four subsidiary companies.

17. Anti-inflation program in Canada

The Company and its Canadian subsidiaries are subject to the anti-inflation legislation recently enacted in Canada with effect from 14 October 1975, which provides for restraint of prices, profit margins, dividends and employee compensation. The legislation is supported by complex regulations, the full impact of which cannot be determined at this time.

To the Shareholders of
Alcan Aluminium Limited

We have examined the consolidated balance sheets of Alcan Aluminium Limited as at 31 December 1975 and 1974 and the related consolidated statements of income, retained earnings, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the consolidated financial position of the Company and its subsidiaries as at 31 December 1975 and 1974 and the results of their operations and the changes in their financial position for the years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Montréal, Canada
28 January 1976

PRICE WATERHOUSE & Co.
Chartered Accountants

A Ten-Year Summary*

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Operating Data (in thousands of tons)										
Aluminum shipments by consolidated subsidiaries										
Ingot and ingot products	561	563	614	742	655	626	592	663	644	617
Fabricated products	554	541	606	621	691	772	859	1,013	1,018	785
	1,115	1,104	1,220	1,363	1,346	1,398	1,451	1,676	1,662	1,402
Fabricated products shipments by all subsidiary and related companies										
	725	701	800	862	937	1,033	1,177	1,376	1,417	1,130
Production of primary aluminum										
Canada	788	878	873	969	903	945	880	872	963	838
Subsidiary and related companies outside Canada	286	521	585	720	849	935	981	1,146	1,211	1,178
Consolidated Income Statement Items (in millions of U.S. dollars)										
Revenues										
Sales of aluminum ingot and ingot products	251	249	271	342	321	284	267	318	448	441
Sales of aluminum fabricated products	523	514	560	611	723	821	922	1,191	1,489	1,370
Sales of all other products	100	104	127	224	268	277	266	306	400	419
Operating revenues	53	52	49	48	52	49	56	57	75	72
Other income	6	8	15	14	10	10	18	19	15	11
	933	927	1,022	1,239	1,374	1,441	1,529	1,891	2,427	2,313
Costs and expenses										
Cost of sales and operating expenses	624	635	685	864	988	1,062	1,161	1,452	1,824	1,840
Depreciation and depletion	70	74	91	83	94	98	94	101	103	111
Interest charges	32	36	39	50	60	64	69	79	100	105
All other expenses (except income taxes)	78	82	79	99	113	123	126	148	175	187
Income taxes										
	58	44	59	65	54	38	20	35	85	27
Equity in net income of companies 20-50 % owned										
	4	7	7	11	11	9	8	18	11	(13)
Extraordinary gains										
	11	—	—	—	9	—	—	—	27	12
Minority interests										
	4	4	3	4	4	5	6	11	9	7
Net income										
	82	59	73	85	81	60	61	83	169	35
Consolidated Balance Sheet Items (in millions of U.S. dollars)										
Working capital										
	306	399	323	384	444	401	468	442	641	766
Property, plant and equipment (net)										
	1,043	1,074	1,085	1,130	1,223	1,224	1,234	1,217	1,329	1,385
Investments in companies owned 50 % or less										
	60	118	157	177	170	174	178	199	212	215
Long-term debt										
	566	676	608	668	751	740	798	744	881	971
Deferred income taxes										
	146	150	148	144	150	142	130	123	161	166
Minority interests										
	82	81	84	92	112	114	114	106	116	163
Shareholders' equity										
	645	710	747	808	847	872	904	957	1,093	1,112
Total assets										
	1,664	1,823	1,867	2,047	2,215	2,297	2,370	2,449	2,979	3,012
Per Common Share (in U.S. dollars)										
Income (after preferred dividends but before extraordinary gains)										
	2.19	1.74	2.17	2.52	2.11	1.75	1.78	2.42	4.11	0.65
Extraordinary gains										
	0.36	—	—	—	0.27	—	—	—	0.79	0.36
Income (after preferred dividends)										
	2.55	1.74	2.17	2.52	2.38	1.75	1.78	2.42	4.90	1.01
Dividends paid										
	0.92	1.00	1.02	1.12	1.20	1.00	0.80	0.90	1.20	0.90
Book value										
	18.91	20.27	21.42	22.85	24.03	24.78	25.76	27.71	31.41	31.36
Other Statistics										
Capital expenditures (net of government development grants — in millions of U.S. dollars)										
	113	176	136	156	165	153	115	117	268	208
Funds generated from operations (millions of U.S. dollars)										
	160	136	152	165	178	157	140	163	275	156
Return on average equity (as a percentage)										
	13.2	8.7	10.0	11.0	9.8	7.0	6.9	8.9	16.5	3.2
Number of common shareholders at year end (thousands)										
	57	67	73	72	76	70	64	50	48	47
Number of employees at year end (thousands)										
	64	63	61	62	67	61	62	62	64	61

*Adjusted to give effect to changes in accounting practices.

75 Years of Canadian Aluminum Development

Just 75 years ago, in 1901, and only 15 years after the "age of aluminum" opened in America and Europe, the youthful country of Canada entered that same exciting age. Its entry was on a scale modest by today's standards, but at the time a courageous and far-sighted move.

Enterprising young men, moved by enthusiasm for their infant metal and supported by investment from older communities, had moved into the tiny new settlement of Shawinigan Falls, Québec, where other pioneers were clearing trees and undertaking the first hydroelectric development of the St. Maurice River. The aluminum builders had contracted for the first block of power from the new Shawinigan Water and Power Company. They proceeded with the erection of Canada's first aluminum smelter, housed in two modest brick buildings. Its annual capacity was to be 1,000 tons, its initial payroll 100 men.

On 20 October 1901, an electric furnace was tapped to produce the first ingot of aluminum. Thus Canada, in only its 34th year as a confederation, had become the fifth country to enter the aluminum age, thousands of years after the birth of traditional metals like iron, copper, and tin.

This first ingot was the start of an unceasing flow of aluminum which, through good times and bad, has

— made Canada today the third largest aluminum producing country (after the United States and Japan) in the non-Communist world and, in most years, its largest exporter

— produced in 75 years a total of 21,935,000 tons of aluminum ingot, 80 per cent of it in the last 25 years. At the average price of the past two decades, this total tonnage represents a contribution of some \$10 billion to Canada's national product

— sparked the development of three significant cities: Shawinigan and Arvida in Québec, and Kitimat in British Columbia, with total populations of about 60,000 people

— provided in 1975 direct employment to some 20,000 Alcan employees in Canada, with total wages and salaries of \$260 million, and indirect employment to thousands more

— required, to create these jobs, the investment over 75 years by Alcan in Canada of about \$1.8 billion for plants and facilities, plus \$900 million in other countries to provide raw materials, and fabricating market outlets, for Canadian ingot production

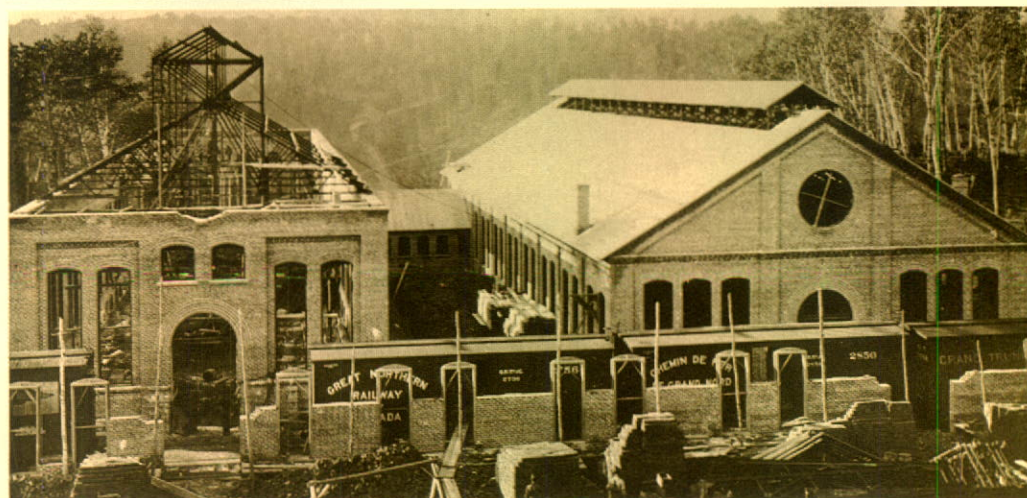
— developed and promoted in Cana-

da a sophisticated fabricating and secondary manufacturing industry with technology of world stature, assisting other manufacturers large and small to create new products, and making Canada on a per capita basis the fourth largest user of aluminum

— made aluminum 12th in order of importance of Canada's export commodities, with world sales of about \$500 million in some recent years.

The tiny Shawinigan smelter operated first under the name Northern Aluminum Company, incorporated in 1902 as a Canadian subsidiary of Aluminum Company of America (Alcoa), the pioneer producer in North America. In 1925 the name was changed to Aluminum Company of Canada, Ltd whose trademark **ALCAN** was to become so familiar to world customers.

The first shipment of Canadian aluminum from the Shawinigan plant,



Birth of an industry at Shawinigan, Québec, in 1901. Top, early homes in a forest clearing. Bottom, brickwork is applied to

Canada's first smelter which started producing ingots later in 1901. On this site now stands an aluminum cable plant.

on 14 November 1901, was an order for 300 pounds to the Nova Scotia Steel and Coal Company of New Glasgow for use as a deoxidization agent in steel. The second shipment, on 2 December 1901, was 67,000 pounds of ingot to Japan. During the following months only four shipments were made, requiring a full month's production of 200,000 pounds (100 tons). They went to the U.S., Holland, Austria and Germany, a preview of Alcan's future career as an exporter.

As early as 1902 the company established at Shawinigan its first fabricating plant in Canada, a wire and cable mill to produce power lines for transmitting electrical energy. Shortly after, a line was erected to transmit Shawinigan power to the city of Montréal, the first of thousands of miles of aluminum transmission lines which have helped make Canada a leader in the development of hydroelectric power for homes and industry.



By the early 1920s, with the zealous development work of pioneer salesmen in many countries, the world demand for aluminum was reaching the point where new smelter facilities could be justified. Obviously, if aluminum was to break into new markets against its old established competitors — copper, steel, other non-ferrous metals and wood — it had to do so on the basis of economics. And even today, while the metal has inherent advantages, it must be competitive in price and in cost of production.

By the economics and logistics of 50 years ago, realities which are reinforced again today, this meant bringing raw materials by water transport to a source of abundant and low-cost energy. The undeveloped and remote hydroelectric resources of Canada offered that potential and challenge.

Three hundred miles north-east of Montréal, and 200 miles from Shawinigan, development of the hydro resources of the Saguenay region, after a long search for cus-

tomers, had been undertaken by other pioneers in early 1923. The initial project was the Isle-Maligne power development at the present city of Alma, but it had only the pulp and newsprint industry as an industrial user of its power. At the end of 1924, with a vision of establishing a major centre for aluminum production and thus providing a market for the full power potential, an agreement was made to merge these power interests with the aluminum industry.

In the summer of 1925, a new city to be called Arvida was laid out on the flat countryside between Jonqui re and Chicoutimi. Six tents were pitched by engineers on the edge of a field and construction of the first smelter potlines began. Through the cold northern winter the work continued and, on 27 July 1926, only 12 months after construction had commenced, the first aluminum was produced at the new Arvida smelter, using power from Isle-Maligne. This was in the first of four potlines, all of which had started by June 1927. These were small units by today's standards but their combined capacity of 30,000 tons represented about one-eighth of total aluminum output in the world. Canada, and Arvida, had indeed arrived in the aluminum age. Houses, churches and schools replaced tents and construction camps; a new city was born as well.



In the late 1920s a start was also made on the larger downstream Shipshaw power site on the Saguenay River, but the onset of the economic depression of the early 1930s brought progress to a halt, and only the first phase Chute- Caron station could be completed.

Hard hit by the depression, the youthful Alcan struggled through the lean years until demand for aluminum picked up again. By 1939 capacity at Arvida had been doubled, and that year Alcan produced over 80,000 tons, about 12 per cent of the world total. Then in 1939 came the demands of wartime. Governments in Canada, the United Kingdom, and later Australia

and the United States, looked to Alcan and its partially-completed plans for more and more aluminum, mainly for aircraft. The Company's personnel were equal to the challenge, building with record speed additional smelters at Arvida, and new ones at Shawinigan, Alma, La Tuque and Beauharnois, and raising production to 500,000 tons in 1943. The Arvida smelter became the largest in the world, even before its subsequent expansion to 450,000 tons per annum.

To supply some of its own energy demands, Alcan also carried out with remarkable speed in 24 months the construction of the Shipshaw power complex. This was the second and larger phase of the project which had been delayed 10 years earlier and which, with one giant effort, added 900,000 kilowatts to the company's installed generating capacity.

The postwar slump in demand for aluminum was sharp but of limited duration, as Alcan's sales development men returned to the world markets and civilian demand revived. Faced with the need to round out its energy supplies in the 1950s, Alcan constructed three more hydroelectric plants in the Saguenay power system: Chute-du-Diable, Chute- la-Savane and Chute-des-Passes. These plants, with total installed capacity of 1,165,000 kilowatts, brought the system capacity to 2.7 million kilowatts, sufficient to support all of Alcan's present smelter facilities of 700,000 tons per annum in Qu bec.

Fifty years of growth and development in the Saguenay-Lake St. John region, based heavily on the aluminum and forest products industries, show a present regional work force of over 80,000, of whom about 9,000 are Alcan employees with annual salaries and wages of close to \$120 million. The regional population of 280,000 relies to a considerable degree, directly and indirectly, on these industries. Modern communities with high standards of housing, and excellent educational and cultural resources, have accompanied the economic growth.

From the top, clockwise:

Engine No. 1, purchased in 1910 for The Roberval and Saguenay Railway Company. The R & S was later acquired by Alcan to link Port-Alfred on Ha! Ha! Bay with Arvida, now Jonqui re, and to provide access to the transcontinental line of the Canadian National Railways.

In this 1957 photograph, a "jumbo" gives workers two levels from which to drill simultaneously the face of the main tunnel for the Chute-des-Passes powerhouse on the Peribonka River in the Saguenay-Lake St. John region of Qu bec.

During World War II, aircraft propeller blades and other defence essentials gave impetus to the establishment of Kingston Works, Ontario. The three Alcan plants at Kingston now constitute Canada's largest aluminum fabricating complex.

A major engineering feat, 1930 vintage. The current of the Saguenay River was too swift to permit the construction of a conventional cofferdam for the first phase of the Shipshaw power project. A vertical block of concrete, 92 feet tall and weighing 11,000 tons, was poured close to shore, its face shaped to the exact profile of the river bed. A carefully calculated charge of explosives tilted the concrete block, or "obelisk", faultlessly into position to divert the river flow.





In 1928, only three years after the launching of the Saguenay region development, Aluminum Company of Canada, Ltd (Alcan) was separated from its original parent Aluminum Company of America (Alcoa). This was in consequence of a decision by Alcoa to dispose of practically all its non-American subsidiaries to a new Canadian company, Aluminium Limited, which as an independent organization might better concentrate on the development of the international aluminum business, including the potential in Canada.

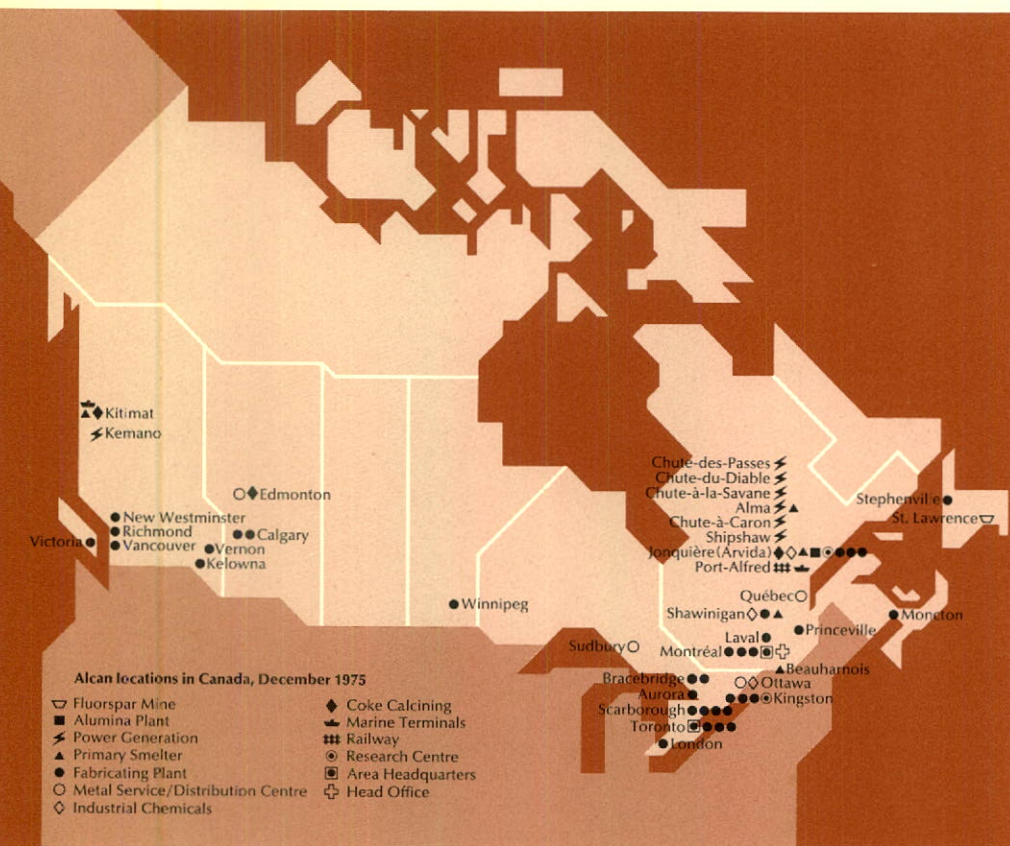
All of the common shares of Aluminium Limited were turned over to Alcoa in return for the shares in the foreign subsidiaries which Alcoa had transferred to the new company. Immediately thereafter, Alcoa distributed the Aluminium Limited common shares to its own shareholders on a pro rata basis. It is plain, therefore, that in June 1928 the shareholders in Alcoa and Aluminium Limited were the same. They numbered less than 1,000. Subsequently,

with transfers and new offerings, the shares in both companies became widely distributed and the owners of certain large blocks in both companies divested their Alcan shares on orders of the U.S. courts in an anti-trust action. The separation from Alcoa was complete. Having creditably launched Alcan in Canada, Alcoa witnessed its offspring become its full-fledged competitor in all markets, including the United States.

By the end of 1975, Alcan Aluminium Limited (the name was changed from Aluminium Limited in 1966) had some 46,500 shareholders, down from a high of 75,900 in 1972. As to distribution of shareholdings, the ownership by the Canadian public was less than five per cent of the total on Alcan Aluminium Limited's formation in 1928. As the Company became better known, with its shares listed on the principal stock exchanges and available in greater numbers in 1951, the holdings by Canadian residents grew substantially, at times exceeding half of the total Alcan shares issued. In January 1976, the distribution of shares was as follows: Canada 42 per cent, U.S.A. 43 per cent and other countries, principally in Europe, 15 per cent. The Canadian equity investment in Alcan is one of the largest in any Canadian corporation, and the holdings by pension funds, investment funds and trust companies represent the savings of thousands of individual citizens.



In 1950, after being granted rights by the government of British Columbia to develop remote water resources, Alcan undertook its biggest single project to date, and one of the largest ever by private industry in Canada. This was the creation of an entirely new hydroelectric power and smelting complex on the rugged Pacific coastline of British Columbia by harnessing waters behind the coastal mountain range. Known as the Kitimat-Kemano project, it involved the excavation of an underground powerhouse at Kemano at sea level, where generators of 900,000 kilowatt



Photograph: H.R.H. the Duke of Edinburgh (left) pours the first ingot at Kitimat Works on 3 August 1954. Centre, the late R. E. Powell, a senior executive of Alcan for

many years and leader in the Company's growth in Canada. Far right, the late Hon. C. D. Howe, then Canada's Minister of Trade and Commerce.

total capacity could be installed as a first phase, the creation of a water reservoir in a chain of lakes 150 miles in length, and the drilling of a ten-mile tunnel through a mountain to convey the water to the generators.

Fifty miles from the powerhouse, at the head of a deep-sea inlet, the site for the city of Kitimat was carved from a tangle of overgrown forest. Here the first stage of Alcan's Kitimat smelter was erected, and here sprang a planned community of homes, schools and service establishments.

After four years of effort by several thousand construction men, the first aluminum was produced at Kitimat in August 1954. The plant's capacity was then 91,500 tons. Based on the available power from the full first stage of the Kemano powerhouse, the initial target capacity of the smelter was some 300,000 tons. Somewhat behind schedule due to market factors, this level of capacity was reached in the late 1960s after successive addi-

tions of potlines. Kitimat thus became, after Arvida, the second largest aluminum smelter in the non-Communist world, today supporting a self-governing city of 13,000 residents.



While the thrust to create new and prosperous smelting operations is at the heart of Alcan's 75-year record in Canada, the other side of the story, market development, is equally significant. As producer of a virtually unknown metal, Alcan from its birth had to develop customers in Canada and abroad, or die in infancy.

The push for markets proceeded on several fronts: research and technology to find new alloys and processes to adapt the metal for use by many industries; fabricating plants to transform useless ingots into useful forms and shapes; export sales effort worldwide, spurred by the realization that Canada's potential to produce aluminum would likely always exceed its capacity to consume.

By the sustained effort of Alcan and many other manufacturers, Canada today is in the forefront of fabricating technology and use of aluminum. Its consumption of 38 pounds per capita in 1974 placed it behind only the U.S., Norway and Sweden. Starting with its Shawinigan cable mill in 1902, and its Toronto foundry and cooking utensil plant in 1913, Alcan installed Canada's first rolling mill for aluminum in Toronto in 1916.

The growing domestic market, and particularly Canada's urgent need for aircraft sheet and components in wartime, were the thrust behind the establishment in 1939 of Alcan's sheet and extrusion plant at Kingston, Ontario. With successive expansions over the past 25 years, particularly the addition of two high-speed cold mills since 1962, Kingston Works has become Canada's major aluminum fabricating centre and a leader in technological progress. The Kingston research laboratory which opened in 1942 has supported developments in welding, surface finishing, transportation equipment and cable-making, to name a few. A new process for continuous casting of sheet on a sizeable production scale at Arvida places Alcan in the forefront of this breakthrough in technology.

To serve regional and national markets, the fabricating and sales subsidiary, Alcan Canada Products Limited, now has 25 manufacturing operations across Canada as located on the map opposite. It has an annual production capacity of more than 300,000 tons of fabricated products and employs 5,000 Canadians.



The saga of Canadian aluminum remains open to many useful and exciting prospects for Canada. Resources and markets still remain to be developed. If there are incentives for investment and enterprise, the contribution to industrial and community progress made by Alcan and aluminum in the past 75 years can be extended in the decades ahead.



Two of Alcan's six hydroelectric plants in the Saguenay-Lake St. John region system. Upper left: Chute-à-Caron, with an installed capacity of 224,000 kilowatts, was

completed in 1931. Foreground: Shipshaw (896,000 kilowatts) was built in record time in the early 1940s to accommodate a major expansion of the Arvida smelter.

Principal Companies of the Group

31 December 1975

Operating Companies

North America

Canada

Aluminum Company of Canada, Ltd
Alcan Canada Products Limited
Alcan Smelters and Chemicals Ltd
Alcan-Price Extrusions Limited**
Alsco (1974) Inc.
Revalox Inc.*
Roberval and
Saguenay Railway Company, The
Saguenay Shipping Limited
Storall Limited
Supreme Aluminum Industries Limited***
Vic Metal Corporation***

Alcan Aluminum Corporation
V. E. Anderson Mfg Co.*
Fabral Corporation**
Luxfer USA Limited***

Bermuda

Alcan (Bermuda) Limited

Caribbean

Jamaica

Alcan Jamaica Limited
Alcan Products of Jamaica Limited
Sproston (Jamaica) Limited

Trinidad

Chaguaramas Terminals Limited
Geddes Grant Sproston Industries Limited***
Sproston (Trinidad) Limited

Latin America

Argentina

Camea S.A.***

Brazil

Alcan Alumínio do Brasil S.A.
Alumínio do Brasil Nordeste S.A.
Mineração Rio do Norte S.A.***
Petrocoque S.A.***

Colombia

Alumínio Alcan de Colombia, S.A.*

Mexico

Alcan Alumínio, S.A.*

Uruguay

Alcan Alumínio del Uruguay S.A.*

Venezuela

Alcan de Venezuela, S.A.

Europe

Belgium

Alcan Aluminium Raeren S.A.

Denmark

Aluminord A/S***†

France

Aluminium Alcan de France
Alcan-Schwartz, Filage et Oxydation*
S.A. des Bauxites et Alumines de Provence
Société Industrielle de Transformation et de
Construction (SITRACO)***

Germany

Alcan Aluminiumwerke GmbH
Alcan Aluminiumwerk Nürnberg GmbH
Alcan Folien GmbH
Aluminiumfolienwerk GmbH
Aluminium Norf GmbH**
Cargo Van Fahrzeugwerk GmbH**

Ireland

Alcan Ireland Limited
Unidare Limited***

Italy

Alcan Alluminio Italiano S.p.A.
Alcan Angeletti & Ciucani Alluminio S.p.A.

Netherlands

Hunter Douglas N.V.***

Norway

A/S Årdal og Sunndal Verk (Åsv)***
A/S Nordisk Aluminiumindustri***†

Spain

Empresa Nacional del
Aluminio, S.A. (ENDASA)***

Sweden

Gränges Essem AB***

Switzerland

Aluminiumwerke A.-G. Rorschach

United Kingdom

Alcan Booth Industries Limited*
Alcan Booth Extrusions Limited*
Alcan Booth Sheet Limited*
Alcan Booth Systems*
Alcan Building Materials Limited*
Alcan Design Products Limited*
Alcan Ekco Limited***
Alcan Enfield Alloys Limited**
Alcan Foils Limited*
Alcan Metal Centres Limited*
Alcan Overhead Line Fittings Limited*
Alcan Polyfoil Limited*
Alcan (U.K.) Limited
Alcan Wire Limited*
Amari Limited***
Thomas Bennett Limited*
Bonallack Vehicles Limited*
Freight Bonallack Limited*
Freight Development Company Limited*
Johnson & Bloy Aluminium Pigments
Limited***
Luxfer Limited***
Minalex Limited*
E.C. Payter & Co. Limited*
Saguenay Shipping (U.K.) Limited
Serco-Ryan Limited*

Africa

Ghana

Ghana Aluminium Products Limited*

Guinea

Compagnie des Bauxites de Guinée***

Nigeria

Alcan Aluminium of Nigeria Limited*
Flag Aluminium Products Limited*

South Africa

Hulett's Aluminium Limited***
Silicon Smelters (Pty) Limited***

Asia

India

Indian Aluminium Company, Limited*

Indonesia

P.T. Alcan Indonesia*

Japan

Nippon Light Metal Company, Ltd**
Toyo Aluminium K.K.**

Malaysia

Alcan Malaysia Berhad***
Southeast Asia Bauxites Limited*
Johore Mining and Stevedoring Co. Ltd*

Thailand

Alcan Thai Company Limited

South Pacific

Australia

Alcan Australia Limited*
Alcan Queensland Pty Limited
Queensland Alumina Limited***
Wm Breit & Company Pty Ltd*

New Zealand

Alcan New Zealand Limited*
Alcan Alloys Limited*
Alcan Anodisers Limited*
Alcan Cory Metals Limited***
Aluminium Anodisers (N.Z.) Ltd***
Aluminium Conductors Limited***
Barker Aluminium Windows Ltd*
Horizon Aluminium Products Ltd***
Rolls Holdings Ltd***

Holding and Financial

Alcan Aluminium (U.K.) Limited, London
Alcan Empreendimentos S.A., São Paulo
Alcan Europe N.V., Amsterdam

International Sales

Alcan Canada Products Limited
(Trading Division), Toronto — Canada
Alcan Alumínio (America Latina) Limited,
Buenos Aires — Latin America
Alcan Asia Limited, Hong Kong — Hong Kong,
Japan, India and other areas of Asia
Alcan S.A., Zurich — Continental Europe
(excluding Germany and Scandinavia),
Near and Middle East, North Africa, U.S.S.R.
Alcan Metall GmbH, Frankfurt — Germany
Alcan (U.K.) Limited, London — U.K., Ireland,
Scandinavia
Alcan Sales (Division of Alcan Aluminum
Corporation), New York — U.S.A. and
Caribbean
Alcan Trading Limited, Montréal — Worldwide;
magnesium and other metals

Unless otherwise indicated, companies
are 100% owned

*Less than 100% owned but more than 50%

**50% owned

***Less than 50% owned

†100% owned by A/S Årdal og Sunndal
Verk (Åsv)

Directors

Erik Brofoss

Oslo — Chairman of the Norwegian Regional Development Fund, an agency of the Norwegian Government

James W. Cameron

Montréal — Regional Executive Vice President

David M. Culver

Montréal — Regional Executive Vice President

Nathanael V. Davis

Montréal — Chairman of the Board and Chief Executive Officer

Dr John J. Deutsch, c.c.

Kingston, Ontario — Professor of Economics, Queen's University

P. John Elton

London — Chairman of Alcan Aluminium (U.K.) Limited

John H. Hale

Montréal — Executive Vice President

The Rt. Hon.

Viscount Harcourt, K.C.M.G., O.B.E.

London — Chairman of Legal and General Assurance Society Limited, an insurance company

James T. Hill, Jr

New York — Director of various companies

Paul H. Leman, o.c.

Montréal — President

Louis Rasminsky, c.c., c.b.e.

Ottawa — Chairman of the International Development Research Centre, an agency of the Canadian Government

Hon. James Sinclair, p.c.

Vancouver — Chairman of Lafarge Canada Ltd, manufacturers of cement and related products

Eric A. Trigg

Montréal — Executive Vice President

William O. Twaits, c.c.

Toronto — Director of various companies

Eric F. West

Cleveland — President of Alcan Aluminum Corporation

Transfer Agents

Common shares: National Trust Company, Limited, Montréal, Toronto, Calgary, Vancouver. Mellon Bank, N.A., Pittsburgh. First National City Bank, New York. Morgan Grenfell & Co. Limited, London.

Preferred shares: National Trust Company, Limited, Montréal, Toronto, Calgary, Vancouver.

Officers

Nathanael V. Davis

Chairman of the Board and Chief Executive Officer

Paul H. Leman, o.c.

President

James W. Cameron

Regional Executive Vice President, Far East and South Pacific

David M. Culver

Regional Executive Vice President, Canada, U.S.A. and Caribbean

Patrick J. J. Rich

Regional Executive Vice President, Continental Europe, U.K., Africa and Latin America

N. Stewart Crerar

Executive Vice President, Engineering, Supply and Distribution

John H. Hale

Executive Vice President, Finance

Eric A. Trigg

Executive Vice President, Corporate Development

F. G. Barker

Vice President, International Services

Duncan C. Campbell

Vice President, Public Affairs

H. Stewart Ladd

Vice President, Personnel

A. A. Bruneau

Secretary

T. F. D. Simmons

Treasurer

Registrars

Common shares: The Royal Trust Company, Montréal, Toronto, Calgary, Vancouver. Pittsburgh National Bank, Pittsburgh. Manufacturers Hanover Trust Company, New York. The Royal Trust Company of Canada, London.

Preferred shares: The Royal Trust Company, Montréal, Toronto, Calgary, Vancouver.

Audit Committee

John H. Hale, Chairman
Dr John J. Deutsch, c.c.
The Rt. Hon. Viscount Harcourt, K.C.M.G., O.B.E.

Personnel Committee

Nathanael V. Davis, Chairman
James T. Hill, Jr
Paul H. Leman, o.c.
Louis Rasminsky, c.c., c.b.e.
Hon. James Sinclair, p.c.
William O. Twaits, c.c.

Area General Managers

Canada, Fabricating and Sales: Harold Corrigan, Toronto
Canada, Smelting and Chemicals: Roger Phillips, Montréal
Caribbean: J. J. Gagnon, Kingston, Jamaica
United States: Eric F. West, Cleveland
Latin America: A. F. Black, Buenos Aires
United Kingdom, Ireland and Scandinavia: P. John Elton, London
Continental Europe: Ihor Suchoversky, Geneva
Far East: David Clarke, Hong Kong
India: D. A. Corbett-Thompson, Calcutta
South Pacific: J. B. Clarkson, Sydney

Stock Exchanges

The common shares of Alcan Aluminium Limited are listed on the Montréal, Toronto, Vancouver, New York, Midwest, Pacific, London, Paris, Brussels, Amsterdam, Frankfurt, Basel, Geneva, Lausanne and Zurich stock exchanges.

Preferred shares: Montréal, Toronto and Vancouver stock exchanges.

Alcan Aluminium Limited

